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25 September 1957

EIC Subcommittee on Petroleum

Assessment of Soviet Long Term Exchange
Proposal on US-USSR Delegations in
the Petroleum Industry

1. This assessment supplements and revises the Review of [REDACTED] Aspects of Exchange with the USSR in the Field of Petroleum, prepared by the EIC Subcommittee on Petroleum and distributed as Attachment 1 to the EIC Minutes (PSC-M-41), 7 May 1956. This present assessment is based on a period of 3 to 6 months visits by the delegations instead of a 5 weeks period contemplated in the previous review of 7 May 1956. It is also modified by other developments since that date, notably the substantial increase in the flow of Russian language material in Soviet publications relating to the USSR petroleum industry.

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2. US [REDACTED] Gain.

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[REDACTED] advantages which might be obtained by the US from the exchange with the USSR covering the petroleum industry include but are not limited to the following:

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25X1X2

b. Supplement and/or evaluate existing [REDACTED] Soviet petroleum industry as a whole through observation of representative facilities and by discussions with Soviet personnel.

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c. Provide channels to important published data on the Soviet petroleum industry which have not yet been made available to foreigners.

d. Provide an opportunity for selected members of the US petroleum delegation to concentrate at the Ministerial or equivalent level in an effort to determine methods and criteria used in planning, management methods, cost and price structures and other economic questions on the USSR petroleum industry.

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3 US Technological Gain

The quantity and value of technological information which may be obtained by US oil men for their own use is difficult to determine but may be significant. For example, recent conversations with a US refinery expert disclosed that his company has been working for many years on an important problem of refinery operations which the Soviets claim has been solved at one of the Soviet refineries expected to be visited on the proposed trip.

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These examples illustrate the possibility of the existence of important Soviet advances which might benefit US industry. Since the Soviets have also been working on various problems common to the petroleum industry in both the USSR and the US, it is reasonable to expect that the Soviets may possess other technological advances, the knowledge of which might be of benefit to the US. At present US advances are, in general, made available to the Soviets almost automatically through technical literature and information in patents. Soviet technical advances, on the other hand, are not so available to the US, although more of such information is now appearing in Soviet publications.

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4. USSR Gain 25X1X1

Almost all of the information which the Soviets could gain by extended conducted tours of US petroleum industry facilities is already available to them in the extensive array of economic and operating data on the US petroleum industry which have been published for years. The Soviet gain from the proposed exchange, with respect to such information, would not be great.

5. USSR Technological Gain

a. Certain technical information which would be of maximum value to the Soviets cannot be obtained from observation alone and would have to be revealed by oil company personnel. With proper briefing, US personnel could be relied upon not to reveal any company secrets or "know-how", where there is reason to believe that an advantage may accrue to the Soviets.

b. Presumably the USSR delegation would be interested in any recent technologic developments which have been announced in the US petroleum press and which are being applied by the US petroleum industry. Usually there is a lapse of several months to a year or more

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before the results of such applications of new methods or practices are published. The proposed exchange would enable the Soviets to obtain some of such information well in advance of its publication.

c. The reasons for the over-all high productivity of the US petroleum industry compared to the USSR will undoubtedly be of prime interest to the USSR delegation. A first hand study of management techniques and competitive practices in the US petroleum industry might reveal to the Soviets means for overcoming the relatively low productivity in the USSR petroleum industry.

6. Over-all Appraisal of Proposed 3 to 6 Month Visit.

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a. It is considered that the longer visit would result in a gain to the US, of approximately the same degree as the previous assessment of the Subcommittee on the shorter visit. It is not possible to estimate the net technological gain or the beneficiary, but it appears that the USSR would gain more from a longer visit. Certainly for the US delegation the 3-6 months period would provide a more comprehensive survey of the USSR petroleum industry than was contemplated for the 5 week period. It would also provide a more intensive study of selected installations and areas of information.

b. The longer period would probably demand a change in the personnel of the US delegation. The question of availability of personnel and the over-all feasibility of the proposed 3-6 months tour must be explored with US petroleum industry representatives.